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**FISCAL IMPACT STATEMENT**

**LS 6778**

**BILL NUMBER:** SB 327

**NOTE PREPARED:** Feb 27, 2012

**BILL AMENDED:** Feb 27, 2012

**SUBJECT:** Special Group and Personalized License Plates.

**FIRST AUTHOR:** Sen. Merritt

**FIRST SPONSOR:** Rep. Soliday

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill has the following provisions:

- (1) Makes changes concerning registration of vehicles and issuance of license plates.
- (2) Makes changes concerning the issuance of special group recognition and personalized license plates by the Bureau of Motor Vehicles (BMV).
- (3) Provides for the BMV to issue personalized license plates on a five-year cycle. (Current law provides for personalized license plates to be issued on an annual basis.)
- (4) Eliminates certain special group recognition license plates upon enactment, and eliminates other special group recognition license plates in 2013 and 2015.
- (5) Establishes procedures for a special group to apply for and be issued a special group recognition license plate.
- (6) Sets license plate sales thresholds for continued participation by a special group in the special group recognition license plate program.
- (7) Repeals language concerning statutory special group recognition license plates that are no longer issued.
- (8) Provides that a parking placard for a person with a physical disability may be displayed on the dashboard or the rearview mirror of a vehicle.
- (9) Requires a person whose driver's license, permit, or driving privileges, or certificate of registration or license plate that has been revoked or invalidated to return the license, permit, certificate of registration, or license plate to the BMV, and allows seizure by a law enforcement officer if not returned.
- (10) Provides that the BMV may issue distinctive permanent plates to an elected constable of a small claims court.
- (11) Repeals outdated language and repeals language concerning low numbered motor vehicle registration

license plates.

(12) Makes conforming changes.

**Effective Date:** (Amended) Upon Passage; July 1, 2012.

**Explanation of State Expenditures:** *Changes to Personalized License Plates:* By requiring personalized license plates (PLPs) to be issued on the same 5-year schedule as regular license plates (rather than on an annual basis), this bill is expected to decrease license plate production expenditures.

The BMV reports that between FY 2007 and FY 2011, approximately 223,000 PLPs were issued (both renewals and new requests for PLPs), or an average of 44,500 per year. These 44,500 plates will no longer be required to be reissued annually, but rather every 5<sup>th</sup> year.

License plates vary in their production costs. As reported by PEN PRODUCTS, the manufacturing arm of prison-made products, the BMV is charged anywhere from \$2.70 to \$3.67 per plate requested. The BMV provided data on the numbers of PLPs issued per year between FY 2007 and FY 2011 by plate cost. As a result of this bill, plate costs are expected to decrease by \$628,000 between FY 2013 and FY 2017.

<b>Plate Cost</b>	<b>Average PLPs Issued by Cost Between FY 2007 and FY 2011</b>	<b>Total Plate Cost Per Year</b>	<b>Expected Cost Savings Over 4 Years</b>
\$3.67	33,834	\$124,172	\$496,689
\$3.19	8,151	\$26,003	\$104,012
\$2.70	2,513	\$6,786	\$27,143
<b>Total</b>	<b>44,499</b>	<b>\$156,961</b>	<b>\$627,843</b>

In addition, the cost savings noted above only account for the plate production costs. The BMV reports the changes in the bill will also decrease the costs to 3M (the contracted provider of license plates) to process, package, and mail license plates. Assuming the cost to process, package, and mail license plates is approximately \$1 per plate, this bill is expected to decrease 3M expenditures by approximately \$178,000 between FY 2013 and FY 2017. It is assumed that any cost savings experienced by 3M would be forwarded to the state.

The total cost savings 3M and PEN PRODUCTS are expected to realize as a result of this bill are estimated to be \$806,000 between FY 2013 and FY 2017.

The remaining provisions of the bill codify current BMV practices regarding special group license plates. No fiscal impact is expected as a result of the changes affecting special group license plates.

*Law Enforcement License Plates for Constables:* The bill specifies that an elected constable of a small claims court is eligible for law enforcement license plates. The BMV reports that historically constables received law enforcement plates from the BMV, but this practice recently stopped because it was determined there was no statutory authority to issue law enforcement license plates to constables.

Currently, only one small claims court utilizes constables (Marion County). A total of nine constables are reported in the state. As a result of this bill, constables will not be subject to registration fees for license plates. The annual fee for registration of a passenger vehicle is \$21.05. Under the bill, the state will lose revenue from registration fees of approximately \$189 per year.

(Revised) *Special Group License Plates*: This bill is expected to increase the workload of the BMV to verify criteria required as a condition of receiving a special group license plate and to the extent a complaint is filed against a special group with the BMV and a hearing is held.

Background Information: This bill will reduce plate issuance costs which are provided by the PEN PRODUCTS Revolving Fund and the Motor Vehicle Highway Account.

**Explanation of State Revenues:** (Revised) Summary: This bill is expected to reduce revenue collected from a \$15 special group license plate administrative fee during CY 2013. The maximum annual reduction in revenue from this administrative fee is estimated to be approximately \$80,000. Of this amount, revenue to the BMV, State License Branch Fund, and the Crossroads 2000 Fund is expected to decrease by approximately \$27,000, \$48,000, and \$5,000, respectively.

(Revised) Additional Information: This bill establishes that special group license plates issued by the BMV that sold less than 1,000 plates in 2011 are eliminated. Additionally, any specialty group license plates approved by the BMV in 2012 would also be eliminated.

Currently, the BMV charges \$40 in administrative fees per specialty group license plate. Of the \$40, \$25 is forwarded to a trust fund for the special group and the remaining \$15 is withheld by the BMV. Of the \$15 portion withheld by the BMV, \$5 is used for purposes of administering the special group license plate program, \$9 is deposited in the State License Branch Fund, and \$1 is deposited in the Crossroads 2000 Fund.

This bill will decrease the number of specialty license plates offered by the BMV. Individuals who currently own a license plate that is eliminated by the bill may either purchase another special group license plate or select a license plate where no additional fees are collected. If an individual were to select another special group license plate, there would be no impact to state revenue from the \$15 administrative fee. However, if an individual were to select a license plate where there are no administrative fees collected, revenue to the State License Branch Fund, the Crossroads 2000 Fund, and the BMV will decrease.

The BMV reports the following special group license plates will be eliminated by the bill.

<b>Special Group License Plate</b>	<b>2011 Sales</b>
Blood Center	147
Teamsters	151
Indiana Youth Institute	207
Rotary Club	237
INCASA	244
American Diabetes	308
Operating Engineers	441
Habitat for Humanity	635
NRA	635
Lion's Trust	664
Greenways Foundation	712
Special Olympics	976
<b>Total</b>	<b>5,357</b>

The maximum amount of annual revenue lost from the \$15 administrative fee is expected to be approximately \$80,000 in CY 2013. Of this amount, approximately \$27,000 would have been retained by the BMV for administration of the special group license plate program, \$48,000 would have been deposited in the State License Branch Fund, and \$5,000 would have been deposited in the Crossroads 2000 Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** BMV, Department of Corrections (PEN PRODUCTS).

**Local Agencies Affected:**

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